

Audit Report

Baltimore County Local Management Board

Schedule of Revenue and Expenditures For The Period February 6, 1998 Through June 30, 1998



Office of the County Auditor
Baltimore County, Maryland

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BALTIMORE COUNTY, MARYLAND
OFFICE OF THE COUNTY AUDITOR

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Independent Auditor's Report

Honorable Members of the County Council
Honorable C. A. Dutch Ruppertsberger, III, County Executive
Ms. Roe Davis, Executive Director, Baltimore County Local Management Board
Baltimore County, Maryland

Ladies and Gentlemen:

We have audited the accompanying Schedule of Revenues and Expenditures of the Baltimore County Local Management Board (the "Board") for the period February 6, 1998 through June 30, 1998. This schedule is the responsibility of the Board's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Revenues and Expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Revenues and Expenditures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying schedule was prepared to present the Board's revenues and expenditures for the purpose of complying with the policies of the State of Maryland, Governor's Office for Children, Youth and Families as described in Note 1 and is not intended to be a complete presentation of the Board's financial statements.

In our opinion, the Schedule of Revenues and Expenditures referred to above presents fairly, in all material respects, the revenues and expenditures as described in Note 2 of the Baltimore County Local Management Board for the period February 6, 1998 through June 30, 1998, in conformity with generally accepted accounting principles.

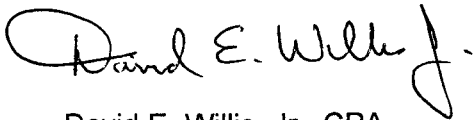
In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2001 on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations (page 7).

This report is intended solely for the information and use of the management of Baltimore County for filing with the State of Maryland, Governor's Office for Children, Youth and Families, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



Brian J. Rowe, CPA
County Auditor



David E. Willis, Jr., CPA
Audit Manager

January 25, 2001

Baltimore County Local Management Board
Schedule of Revenues and Expenditures
For the Period February 6, 1998 through June 30, 1998

Revenues (Note 2):

Grant From Governor's Office of Children, Youth and Families	\$447,499
Interest Income	<u>3,569</u>
Total Revenues	<u>\$451,068</u>

Expenditures (Note 2):

Contracted Program Costs (Note 3)	\$15,220
Personnel Costs	67,683
Administrative Operating Costs and Supplies	4,544
Furnishings and Equipment	<u>14,850</u>
Total Expenditures	<u>\$102,297</u>
Excess of Revenues Over Expenditures (Note 4)	<u>\$348,771</u>

The accompanying notes are an integral part of this schedule

**Baltimore County Local Management Board
Notes to the Schedule of Revenues and Expenditures
For the Period February 6, 1998 through June 30, 1998**

(1) Organization and Purpose

Article 49(d), Section 11 of the Annotated Code of Maryland requires each local jurisdiction to establish a local management board to ensure the implementation of a local, interagency service delivery system for children, youth and families. Bill 8-98 established the Baltimore County Local Management Board (the "Board"), effective February 6, 1998, as an agency of Baltimore County government. While the transactions of the Local Management Board are recorded in separate program accounts on the County's accounting records, the transactions of the Board are reported together with those of other programs in the County's Comprehensive Annual Financial Report.

The Board is primarily funded by a grant from the State of Maryland, Governor's Office for Children, Youth and Families (see Note 2). In accordance with Section V, Subsection 10 of Local Management Board Policies and Procedures Manual issued by the Subcabinet for Children, Youth and Families, each local management board that is part of a local government is required to submit an audited schedule of revenues and expenditures.

(2) Reporting and Basis of Accounting

The revenues and expenditures of the Baltimore County Local Management Board are included in the County's Special Funds and include the following:

Revenues:

The Board is primarily supported by a grant from the State of Maryland, Governor's Office for Children, Youth and Families. Funds received from this grant are deposited and invested along with other County funds until required for eligible operating costs. Investment income is credited to the Board monthly based on the average balance of the grant funds on deposit.

Expenditures:

Expenditures for eligible operating costs include costs for the management and administrative operations of the Board as well as contractual services and grants made for direct program services.

**Baltimore County Local Management Board
Notes to the Schedule of Revenues and Expenditures
For the Period February 6, 1998 through June 30, 1998**

Basis of Accounting:

The Schedule of Revenues and Expenditures is prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

(3) Contracted Program Costs

The Baltimore County Local Management Board has entered into contracts with or made grants to various organizations to provide services for programs administered by the Board. For the above noted reporting period, payments to these organizations for services provided under the specific programs were as follows:

Family Preservation	\$12,760
Diversion	<u>2,460</u>
Total	<u>\$15,220</u>

(4) Excess of Revenues Over Expenditures - Unspent Funds and Earned Reinvestment

For the above noted reporting period, the Baltimore County Local Management Board had Excess of Revenues Over Expenditures totaling \$348,771.

The Policies of the Subcabinet for Children, Youth and Families requires that any grant funds not expended or encumbered within each fiscal year must be returned to the Subcabinet Fund unless otherwise directed by the Subcabinet, with the exception of earned reinvestment. Earned reinvestment is certain revenues in excess of expenditures which may be retained by the Local Management Board and, with approval of the Subcabinet, used towards future program costs. The Subcabinet may elect to allow the Local Management Board to carryover the unspent funds (i.e., use the unspent funds as a cash advance against future years grant awards) or carry forward the unspent funds (i.e., re-award the unspent funds to be used for subsequent years operations).

**Baltimore County Local Management Board
Notes to the Schedule of Revenues and Expenditures
For the Period February 6, 1998 through June 30, 1998**

For the reporting period, the Local Management Board had a calculated deficit of earned reinvestment funds totaling \$4,723. Therefore, no earned reinvestment funds are retained by the Board for this reporting period. The calculated deficit of earned reinvestment of \$4,723 will be offset against future earned reinvestment funds.

Unspent funds for the reporting period are as follows:

Grant Revenues	\$447,499
Expenditures Paid from Grant Revenues	<u>102,297</u>
Excess Grant Revenues Over Grant	
Expenditures	345,202
Earned Reinvestment	<u>-0-</u>
Unspent Funds	<u><u>\$345,202</u></u>

The Governor's Office for Children, Youth and Families has authorized the Board to carryover the unspent funds and utilize them as an advance towards the subsequent year's grant.

(5) Related Party Transactions

Certain members of the Board's governing body were also employees of the Department of Social Services, another County agency. The Board utilized the services of the Department to administer its Family Preservation Program. For the reporting period, the Board paid the Department \$12,760 for costs related to this program.



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**Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of the Schedule of Revenues and Expenditures Performed
in Accordance with *Government Auditing Standards***

Honorable Members of the County Council
Honorable C.A. Dutch Ruppertsberger, III, County Executive
Ms. Roe Davis, Executive Director, Baltimore County Local Management Board

Ladies and Gentlemen:

We have audited the Schedule of Revenues and Expenditures of the Baltimore County Local Management Board (the "Board") for the period February 6, 1998 through June 30, 1998, and have issued our report thereon dated January 25, 2001. We conducted our audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Board's Schedule of Revenues and Expenditures is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of amounts contained in the schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

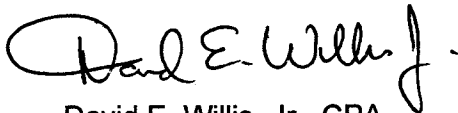
In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Schedule of Revenues and Expenditures and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the schedule being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over the Board's operations, which we have reported to management of the Board in a separate letter dated January 25, 2001.

This report is intended for the information and use of the management of the Board for filing with the State of Maryland, Governor's Office for Children, Youth and Families, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



Brian J. Rowe, CPA
County Auditor



David E. Willis, Jr., CPA
Audit Manager

January 25, 2001